# International Business Environments and Operations, 13/e

Part 6
Managing International
Operations



Chapter 20
Human
Resource
Manageme
nt

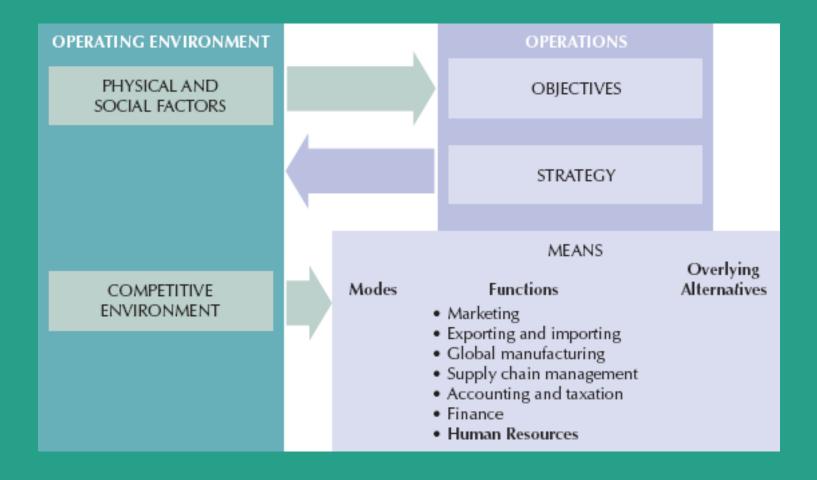
#### **Chapter Objectives**

- To discuss the importance of human resource management
- To profile the staffing frameworks used by MNEs
- To explain the types and competencies of expatriates
- To examine how MNEs select, prepare, compensate, and retain expatriates
- To profile MNEs' relations with organized labor

### Human Resource Management

- Human resource management refers to activities that staff the organization.
- HRM and the Global Company
  - HRM is more difficult for the international company than its domestic counterpart due to
    - Environmental differences
    - Organizational challenges

### Factors Influencing HRM in International Business



### The Strategic Function of International HRM

- Strategizing HRM
- The Perspective of Expatriates
- HRM Frameworks in the MNE

## The Perspective of Expatriates

- Trends in Expatriate Assignment
- The Young, The Old, and The Restless
- The Impact of Market Disruption

#### **HRM Frameworks in the MNE**

- Three perspectives anchor an MNE's staffing policy:
  - Ethnocentrism
  - Polycentricism
  - Geocentricism

#### **Managing Expatriates**

- Selecting Expatriates
- Expatriate Failure
- Preparing Expatriates
- Compensating Expatriates
- Repatriating Expatriates

### **Selecting Expatriates**

- Technical Competence
- Adaptiveness
  - Self-Maintenance
  - Satisfactory Relationships with Host Nationals
  - Sensitivity to Host Environments
- Leadership Ability

#### **Expatriate Failure**

- Costs of Failure
- Preventing Failure
  - Dealing with Adjustment and Stress

### **Preparing Expatriates**

- Focusing on Adaptiveness and Related Characteristics
  - General Country Understanding
  - Cultural Sensitivity
  - Practical Skills
  - Approaches: Specialized Knowledge versus Cultural Sensitivity

### **Compensating Expatriates**

- The Pay-Performance Link
- Types of Compensation Plans
  - Home Based, Headquarter Based, and Host Based Methods
- Complications Posed by Nationality Differences

# Key Aspects of Expatriate Compensation

- In designing compensation packages for expatriates, HRM considers the following topics
  - Base Salary
  - Foreign Service Premium
  - Allowances
  - Fringe Benefits
  - Tax Differentials

### Repatriating Expatriates

- Returning home from a foreign assignment, the act of repatriation, is fraught with difficulties.
- Readjustment to Home Country Organization
- Changes in Personal Finances
- Readjusting to Life
- Managing Repatriation

#### **International Labor Relations**

- How Labor Sees MNEs
- How Labor Responds to the MNE
- Labor's Struggle: Barriers to International Unanimity

# Future: Which Countries Will Have the Jobs of the Future?

- Worker populations will grow faster in developing countries
- Wealthier countries will continue to grow in the number of retirees
- Adjustments for developed economies:
  - Nationalism
  - Men versus Machines
  - Brains: Drains, Recycle, or Halt

This work is protected by United States copyright laws and is provided solely for the use of instructors in teaching their courses and assessing student learning. Dissemination or sale of any part of this work (including on the World Wide Web) will destroy the integrity of the work and is not permitted. The work and materials from it should never be made available to students except by instructors using the accompanying text in their classes. All recipients of this work are expected to abide by these restrictions and to honor the intended pedagogical purposes and the needs of other instructors who rely on these materials.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher. Printed in the United States of America.